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THE ECONOMIC BASIS OF THE FIGHT FOR THE CLOSED SHOP

I

Demands on the part of the labor unions for the closed-shop form of organization have been one of the distinguishing characteristics of the labor movement in this country. Though the universality of the demand renders the question one of more than ordinary significance, discussions regarding the ethical and practical soundness of the principle have been so numerous and varied that there is little remaining to be said pro or con at the present time. An explanation of the fundamental economic cause of the movement, however, is not so frequently attempted, and possibly there is still something that may be said bearing on this phase of the problem. Particularly is this true since considerable confusion seems to have arisen regarding the place and ends of the fight for the closed shop.

The aim of the modern labor movement, taken as a whole, is obviously not the securing of any particular form of organization as such. Rather, it is simply the attainment of a power of control sufficient to demand recognition and to gain for the workman wages and conditions such as are deemed necessary for his well-being. It is unquestionably true, however, that American unionism has persistently fought for the closed shop, and that that aim is constantly before the vast majority of trade unions today. It is so far true, in fact, that at times the *object* of gaining the closed shop has been forgotten, and it has been sought as a thing desirable in itself. The public, on the other hand, has almost universally condemned the movement. The reason for so doing is not always quite so clear. A very large number of people undoubtedly oppose it merely because it somehow goes against the spirit of that democracy of which we so loyally boast, to support anything which bears the taint of being "closed." Yet such a reason is scarcely one that will bear scrutiny, nor is it one which would, of itself, be very effective in the long run. The question therefore arises, on what

grounds may the movement toward the closed shop justly be criticized? Have the objections made in the past been reasonable, are they still reasonable, and will they continue to be in the future?

To approach the subject scientifically, one should seek first the economic cause the action of which has brought unionism in this country to strive for this particular form of organization when the demand for it elsewhere has been comparatively rare. It is such an explanation, and not in any sense a justification, which is to be offered in these few pages, with the hope that through such an explanation the vagueness which has to an inexplicable degree enveloped the whole question may in some small measure be cleared away.

Much of the confusion of thought and outwardly conflicting opinion on the closed-shop question might be avoided were economists a little more careful in their definition of terms. So loosely are the phrases "open shop" and "closed shop" used that the former is often used to include any shop from which non-union men are not expressly excluded, and the latter any shop wherein the union has any influence whatsoever. Technically speaking, these terms denote conditions as widely at variance as it is well possible to conceive, and have little in common save that they refer to the same general problem.

As a matter of fact, there are not two kinds of shops with which we have to deal, but three. On the one hand there is the open shop, in which any man may work upon terms of an individual contract with his employer, and under such conditions and at such wages as he is best able to secure. Such a shop is found in the steel trade and in the packing industry. At the other extreme is found the closed shop, in which men are under a wage contract executed by their organization bargaining with the employer, and from which non-union men are expressly excluded. Such a condition may be found among the Brewery Workers and the Elevator Constructors. Between these two extremes exists a third shop, sometimes called the union shop and often confused with the closed shop. I refer to those shops in which the union, bargaining with the employer, fixes wages, hours, and conditions of labor, but in

which non-union men are not excluded by the terms of the contract. Here the majority of the men who have obtained the contract, and the minority who share the benefits but evade the costs, work together under a union-made bargain. Such a shop is to be found among the Railway Brotherhoods. To distinguish this situation from those wherein a technically closed or open shop as defined above exists, I shall hereafter designate it as a Contract or Mixed Shop.

Bearing this classification clearly in mind, we shall be better able to get at the real essence of the closed-shop problem, and to understand why some men who stand so firmly for democracy in the widest sense in other things demand the closed shop when it comes to the question of unionism.

II

Since the general abandonment of the "economic man" doctrine of the classical economists, and since thinkers have come to mingle with purely economic doctrines a generous amount of ethics, men have become prone to decide some questions upon a *purely* ethical basis, and to declare them economically sound if they can by the other means prove them desirable. And it is partially because of this that many economists who condemn the closed shop do so—because under its contract the employer is restrained in his theoretical right of hiring whomsoever he pleases. Not only the employer of labor, but the economists who sustain him, maintains that the employer has done enough when he has formally recognized the union as such, and in a large part acceded to its demands in other respects. Indeed, if society were ideal, and employers more nearly perfect than modern business methods tend to make them, there would be in fact no plausible reason for thinking otherwise. But, as Roscher says, the justice of all laws is relative to time and place, and we must pass upon the closed-shop question as we should judge all others, in the light of actual conditions.

Of all the manifold problems that the American people have been called upon to meet, few have been more fundamental or have exercised such an influence upon economic and political conditions

as that of immigration. In a sense, indeed, it may be said to be *the fundamental* problem. From an industrial point of view, the one most noticeable effect of this tremendous immigration has been that of the gradual substitution of races, by which a people of a certain and more or less fixed standard of living is gradually replaced in a given industry by another, accustomed to lower standards. Particularly is this true in those industries where unskilled or semi-skilled labor predominates, as in the garment trades, in mining, and in the packing industry. The effects of this displacement, regarding the existence of which there is no question, have been many and far-reaching, but few have been more insidious than its effect upon American trade unionism. One might well say, in fact, that up to the present time there has been no single industrial or social fact exerting so potent an influence upon the form of union organization as that of immigration, especially that from southern and southeastern Europe. True, there have been other forces at work, forces which have in a large measure acted upon labor and capital alike, tending in the case of the one toward a more aggressive unionism and in the other, to monopoly.¹ But a careful examination would seem to show that these forces are of a rather secondary nature, dependent in a large measure upon the fact and character of the immigration problem.

Rightly or wrongly, the employer of labor has usually gone on the assumption in the hiring of his labor that the less he has to pay his men per unit the greater will be his profits. He has, consequently, always hired those workmen whom he could get for the lowest wage. If he could engage a gang of Slavs for \$1.45 per day to do the work he had been paying a similar crew of Swedes \$1.50 a day for, he substituted the one for the other without further question. It was unfortunate for the Swedes, but it was in the interest of profits, apparently, and hence very necessary. Frequently, too, if the \$1.45 man did not offer himself, the employer's agent must go out and find him, even though he needs must scour the earth to do so.

But if this substitution, which has taken place in all industries that employ a great quantity of unskilled or semi-skilled labor,

¹ See Professor Seager in the *Political Science Quarterly*, XXII, 385.

proved a boon to the employer (viewing it solely from the point of view of wage per unit, not of efficiency), it has been, naturally enough, a tremendous foe to the workman who was accustomed to the higher standard of living. Unionism was resorted to in an increasing degree, but, with the usual form of organization, without permanent success. So the closed-shop unionist, who has been in the fight and witnessed the breakdown of union after union under what he has ascribed to the stress of low standard immigrants from across the sea, argues that the success of unionism depends upon the total exclusion from the shop of non-union men, unjust though that may seem. He stoutly maintains that the closed-shop question is one of the life-and-death necessities of trade unionism, with all that unionism means to the workmen; that where the one goes, the other goes with it. If not stated in so many words, this underlying assumption is invariably implied. Thus Clarence Darrow is led to say:

The open shop furnishes, and always has furnished, the best possible means of destroying the organization of the union. The closed shop is the only sure means of protection for the trade agreement and for the defense of the individual. When the master is left free to hire or discharge either union or non-union men as he sees fit, he naturally discharges the man whom he thinks most hostile to his business, and employs the one most subservient to his will. This does not come from the inherent or natural hardness of the master, but from the hard facts of life. The master naturally discharges those most active in the unions, who interfere the most with his business, who are ever agitating for higher wages, who are insisting on better conditions and shorter hours. He does this for his own protection, and he naturally employs those who are most complaisant, those who have the most hostages to fortune and who cannot afford to lose their jobs; those whom he can bring to be dependent upon his will. The business officer, the agitator, the walking delegate is the last to be chosen. And when times are hard and someone must go, such men must walk the plank, while the complaisant man, the ready tool, the non-union man is kept. In every employment there are always reasons for dismissal. In the management of complex affairs, accidents and mistakes occur. Under the open shop it is easy to find reasons for discharging the union man, to fix the blame for mistakes upon him, and it is likewise easy to find reasons for replacing him with a non-union man.

To what extent is this an exaggerated statement? It will pretty generally be conceded that through a collective bargain the laborer can secure a more advantageous contract with his employer

than were he to go alone to the employer and as an individual arrange the terms of his employment. The collective bargain presupposes a higher wage and better conditions than those granted to the non-union man who contracts individually. In any industry where labor is as plentiful as it is in this country, what, then, will be the natural thing for the employer to do, who, though he may at the time be paying the same wages to both, knows that one of two workmen would be willing to work at a lower wage? When men are discharged which will it be, the higher-priced or the cheaper man? When new men are employed, which will it be, the cheap or the high-priced man? Clearly enough the employer will rid himself as rapidly as possible of those men who demand higher wages and better conditions and replace them with men who are not so particular or so insistent in their demands. Such men will offer no more effective opposition than a muttered protest against reduced wage scales and lengthened hours; they have no "mistaken notions" about the employer's right "to run his own business," although their interest in the matter is as vital to themselves and the community at large as his is to himself. Will there be any question as to which gets the preference? After this disintegrating force has been in operation for a number of years, will the employer whose immediate economic interest is best served by overthrowing the old and higher standard still maintain that standard after men have abandoned the union by scores because it has become a handicap in the effort to get and maintain a job, and when there is no efficient union, no scale of wages, and no schedule of hours? Some employers may; the vast majority will not. The result is merely a matter of time; the shop once a contract shop will, under ordinary conditions, sooner or later become open.

Thus one Chicago employer frankly admits, "When unions are weak I would make individual contracts with non-unionists who were often willing to start at almost any wage. I can then play these men against the union, eventually break the contract, and defy the union." James A. Miller, another Chicago manufacturer, says, "If the union would permit us to employ non-union men we would do so, and the union could demand anything it chose. It

could demand ten dollars a day if it wanted to." A delegate from Indiana at the convention of the Citizens' Industrial Alliance, held in Chicago in 1903, made this statement: "A year or so ago, before the formation of the Alliance, I had 297 union men. I have succeeded in eliminating all but 6, and I hope before long to have, not an open shop, but a closed shop—closed to the union." No delegate was more applauded. William English Walling has said, regarding employment agencies conducted by the Manufacturers' Association in Cleveland, Pittsburgh, Detroit, Boston, and other cities where the employment of the men is directly under the control of these central offices, "They are the means of centralizing in a single office the employment and discharge of all workmen in a single industry. . . . *The secretary of the bureau assists to positions those whom the Association wishes to favor and discourages the rest.* . . . The unions say it is a blacklist. Some employers have used that term in their conversation with me. *The bureaus protect the non-union workmen.*"¹

Even where this change is not consciously made within the contract shop, there is always an undercurrent of feeling and friction among the men themselves. Here are a few men in a shop who are accepting all the benefits, yet pay none of the dues, accept none of the responsibilities, and who need never fear the displeasure of an employer who distrusts the union. A better illustration of this tendency could not be found than in the case of the anthracite coal miners cited later in this article.

In short, "the contract shop really means the open door through which the union man goes out and the non-union man comes in to take his place." Take a hypothetical case. In a certain town in Pennsylvania there is located a steel mill employing approximately one thousand men. Within the limits of this town are living fifteen hundred workmen of all races and standards of life, who are at some time during the year employed about the plant. By 1911 the United States Steel Corporation had crushed out the last remnant of the union, and today there is in that trade an open shop. Of the thousand men working in this mill, 42.5 per cent have been working 72 hours a week; 20.5 per cent have been working 84

¹The italics are mine.

hours a week, and only 37·0 per cent have worked on the average less than 60 hours per week; 29·3 per cent of the men have worked seven days in the week. From each of these men the corporation has been making an annual profit of \$600, while the men themselves were earning \$500, and became superannuated at the age of forty.¹ Here were a thousand men working in the steel trade under open-shop conditions and illustrative of the entire trade.

"But," says the closed-shop critic, "introduce a collective bargain remedying all these things, but be careful not to infringe upon the employer's right of hiring a non-union man if he wishes, nor to compel the workmen to show a union card in order to get a job." It is a curious position to assume—that of granting that the employer is hostile to unionism, yet asking that he be reformed by placing in his hands the potential power of overthrowing the organization one professes to favor. For if a union were formed and granted recognition, and if a contract shop were organized, it would be no great length of time, with a human employer and five hundred men eager to break into the field, before conditions would be back where they were under the individual contract. On the contrary, argues the closed-shop unionist, suppose that a closed shop were to be instituted. Under the new contract hours are shortened, wages raised, and conditions generally improved, as with a contract-shop bargain. With the usual heavy demand for orders, it is entirely conceivable that three shifts would be demanded (as has been the case in certain steel mills) to produce the same amount that had been turned out by two, and the thirteen hundred men would be required to fill the places of the former one thousand. But, since they work in a closed shop, these men join the unions instead of underbidding each other for the job; and the employer cannot, by sifting them out, weaken the union. Shorter hours and better wages bring new life and happiness into the homes of thirteen hundred men, and an organized part of society is now able to help in the social uplift. True, there are still 200 men out of work, but there had been 500. Increase these numbers until they reach

¹ See Fitch, *The Steel Workers and Report of U.S. Bureau of Labor on Wages and Hours of Labor in the Iron and Steel Industry* (1912). Seven-day work has been reduced, and a further betterment of conditions is possible.

over two million workmen, with their dependents, and one begins to comprehend the magnitude of the sociological and economic bearing of the closed-shop problem.

III

It will, then, be seen that there are two ways of maintaining a collective bargain—through a closed or through a contract shop. In both, the wage scale and conditions of labor are fixed by a trade agreement made by the union with the employer. The bargain itself in the one case is identical with the bargain in the other, save only that in the contract shop the employer reserves the privilege of hiring non-union men whenever he chooses. Theoretically, however, this is the fatal objection, for gradually non-union men will be substituted for union labor, the employer gradually becomes more and more free from the influence of the union, and eventually the trade agreement is broken when conditions demand a lowered cost of production or higher dividends. When the employer himself is not the cause, friction between union and non-union men in the shops aids in accomplishing the result. In short, the theory of American trade unionism teaches that when the closed shop goes, eventually unionism goes with it.

In treating of a field as large as that of the later history of unionism, it could scarcely be expected that each case of union breakdown should be considered individually. Certain typical cases, however, will serve to demonstrate that the closed-shop unionist is not without historical foundation for his position. *It may truthfully be said that no great contract-shop union, however strong it may have been, has maintained itself (lacking some special privilege such as the check-off system among the United Mine Workers) without constant warfare, and usually repeated failure.*

The citation of one great union will serve to illustrate the point in question, so far as the influence of a contract shop in causing internal friction and the consequent weakening of the union through lapsing of dues is concerned. The union workmen in the anthracite coal fields lack the perfected organization found in the bituminous district, not only so far as the actual percentage of members is concerned but in the way of advantageous trade agree-

ment as well. It will be remembered that at the conclusion of the strike of 1902, practically all the demands of the strikers were granted with but one exception: that for the closed shop was denied. The original agreement as drawn up in that year held three years, or until 1905. In the meantime the union had a desperate struggle to maintain a respectable organization. Upon the consummation of a favorable agreement with the employers, the membership fell off seriously and more or less immediately. The union men, seeing others in and about the mines getting the same advantages as themselves but paying no dues, and lacking the foresight to see the need of maintaining their strength, soon permitted their dues to lapse; the total membership fell off, and the union found itself in anything but fighting trim. The result was that in 1905, just prior to the expiration of the agreement, John Mitchell spent months of constant labor in the field in an effort to get the union back in a condition where it could demand a renewal of the old contract. He succeeded, but the subsequent effect upon the union organization was the same, and again in 1909 the labor had to be repeated. Even so, a mere renewal was all that could be secured, as the union was in no condition to advance any new demands. As a result of this experience there has grown up an ever-increasing demand for the closed shop. When the contract expired this spring (1912) the union insisted that a clause, meeting this demand, be inserted in the agreement.¹ A refusal very nearly led to a strike in the anthracite fields.

The same conditions are true of other organizations. The Jews in the garment trades organize under the pressure of necessity as do few other races. Almost immediately upon the achievement of a victory, however, dues lapse, the union organization breaks down, the employer violates his contract, and the whole fight has to be made over again. In the packing industry much the same situation prevailed. In the strike of 1904, for instance, "the demand for a minimum wage above the market rate was also found necessary to the permanency of the union, since it was found that those who received only market wages refused to pay dues."

¹ Since the contract has expired in March, the union has demanded a check-off system similar to that in force among the bituminous miners, but without success.

But potent a factor as this friction is, the attitude of the employer is a far more important one. The more or less gradual widening of the gap offered the hostile employer through the contract-shop bargain—the steady replacement of union by non-union labor—this is, and will always continue to be, the chief point of attack against American trade unionism. Definite data and conclusive proof of the process are oftentimes difficult to obtain; of its employment wherever possible there can be little question.

If the well-known facts connected with the Homestead steel strike of 1892 be recalled the effect of the contract shop may be seen at a glance. Mr. H. R. Frick came to the Carnegie Steel Mill in 1888 from the Connellsville district, where he had been the leading coke producer, and where his antagonistic attitude toward unionism had been very apparent. Within six months after his coming to Homestead the first serious labor difficulty in the history of the mill arose; and it was the common belief among union men that deliberate attempt was being made to force a conflict and oust the union. At that time an agreement was reached, however, which was to hold for three years. At its expiration in 1892 a second contract was offered the men, drawn up largely by the company itself and purposing a second reduction in wages. A refusal was probably expected,¹ and when it came an ultimatum was issued to the effect that the company would thereafter treat with the men only as individuals. The strike ensued and was lost, largely through the importation of low-priced immigrant labor. Can there be any doubt as to the efficacy of any trade agreement not providing for a closed shop in a struggle against an employer as hostile as Mr. Frick? The only question would be one of time.

A much more recent example of the same tendency is that of the contest between the Seamen's Union on the Great Lakes and the Lake Carriers' Association, which began in 1909 and continued for over two years. The employers, through their organization, announced that they would in no wise recognize the union or confer with its representatives, and a strike was declared. It

¹ The refusal was doubtless a mistake on the part of the union, however, as the agreement was not, on the whole, as objectionable to the interest of that organization as the refusal would lead one to suppose. See *North American Review*, CLV, 355.

proved ineffectual, however. At the present time, although there are both union and non-union men employed by the Association, the latter greatly outnumber the former, and through the instigation of the "welfare plan" active union men who prove themselves in any way undesirable to the employers are promptly blacklisted. This "welfare plan" ("hell-fare," the union men call it) is admirably designed for eradicating union labor and increasing the subserviency of the employees. According to the plan, when the season opens each seaman, upon the payment of one dollar, is given a "discharge book" which he deposits with the captain of his vessel. If during the season the man's work has proven satisfactory and no criticism has been made of his conduct the book is returned to him and so indorsed. If not, it is sent to the Association headquarters. The effect upon the union of such a plan calls for no discussion.

This is more than a mere recital of lost strikes. The methods here employed attract, perchance, the more attention because of the importance of the trades concerned or of the dramatic features connected with the case, but the results are not confined to the industries cited. The Iron Moulders, the Tin Plate Workers, the Garment Workers, and the packing trades have suffered similar losses, and for substantially the same reasons. They all worked in contract shops, and when the lower-priced foreign labor came into the field to compete with the union scale, they had no means of defending themselves or their organizations. Economic conditions demanded a closed shop, and the failure to secure it resulted in the failure to maintain unionism at all. Reorganization has sometimes been effected, but this time the demand has been universally for the closed shop, not merely for recognition of the union. Thus the Shirt Waist Makers in New York City have succeeded in securing the preferential shop, in which the employer agrees to employ only union labor so long as the supply is adequate. The Iron Moulders have succeeded in securing the closed shop in some of the smaller mills, although the larger employers are still living up to their written agreement to discriminate against union men, and in 1906 there were 357 cities where an open shop was maintained. "Unionism," says Samuel Gompers, "cannot maintain itself

short of a life-and-death struggle unless it be granted the closed shop." The immigration from southern Europe in particular has led to a steady substitution of races in most trades employing unskilled labor. The resulting competition has been most intense. The economic pressure thus caused has necessitated that American trade unionism demand a form of organization which could not otherwise be countenanced. Indeed, it has come to be the usual thing among large concerns to have an employment bureau which consciously and intentionally employs men because of their race. An effort is made to keep men of all nationalities at work around the plant and to maintain a fixed numerical ratio between them in order to prevent effective combination. Combine with this a system of spies and add an employers' association and no further argument is needed to demonstrate the inadequacy of a contract shop bargain.

IV

There are great and successful unions which are not demanding the closed shop, which have got along for many years without it, and which have nevertheless suffered nothing in their strength in consequence. Such is the case with the Railroad Brotherhoods and with the United Mine Workers. If these can get along under the contract shop, why need any union ask for more?

There can be no gainsaying that the Railroad Brotherhoods form perhaps the strongest of our American unions. There can be no doubt but that, nominally, at least, these Brotherhoods work under a contract-shop agreement.¹ But the explanation lies in the existence of peculiar conditions in the railroad business, rather than in the weakness of the principle laid down above. Conditions prevail in this particular industry which make it possible for a contract shop to exist—conditions which would support a contract shop in any line were they present. Let them be absent, however, and a movement for the closed shop seems essential to the permanency of unionism in that trade. What are these conditions?

In the first place, the union is practically synonymous with the

¹ This is true only in name. In actual fact, as the discussion shows, the Brotherhoods have not a contract, but, to all intents and purposes, a closed shop. The same thing is true of the United Mine Workers in the anthracite fields.

men employed. Ninety per cent, and over, of the men in the railroad business are members of some one of the Brotherhoods, and, what is equally important, this membership is a constant quantity. In the Brotherhood there are a number of reasons for this fact. To begin with, the unions are sixty years old, and there is a long-standing tradition among railroad men to support the union. The trade is highly skilled and the men unusually intelligent. They recognize the necessity of supporting the union at all times if it is to present a strong front to the employers. Moreover, the unions possess strong insurance features. The men, unable to get insurance elsewhere at low rates owing to the danger of their calling, have a powerful inducement to remain in the union, and to keep up their dues. In other words, the union, having nearly all the men, and suffering little for fear of a lapse of financial conditions, is always in a shape to demand reasonable concessions from the employer.

In the second place, the men work upon a public utility. Hence public sentiment, always more or less opposed to great aggregations of business, naturally favors the unions.¹ This is not justifying this sympathy. But the sympathy is undoubtedly present, the unions depend upon it, and partly because of it they do not always feel the necessity of going to the full limit of demanding the closed shop.

Again, the employers in the railroad business are a "strong, well-disposed association," which means that an agreement made by them is enforced upon each and every member of the organization. No individual member underbids his competitor in the matter of wages nor works his employees more hours than the agreement permits; nor, on the other hand, are non-union men to be found who can constantly underbid the union scale. In other words, the 6 or 7 per cent of the men who are willing to accept union benefits without paying union dues can be well enough neglected by the 93 per cent who are active members of the Brotherhoods.²

¹ This is usually true at the outbreak of a strike. Sentiment may, and often does, change if the struggle is prolonged unduly. Note also the part played by public opinion in winning the Lawrence strike of 1912.

² It should be constantly borne in mind also that the Brotherhoods are not subject, as are a majority of the other trades, to corruption from cheap child-, immigrant-, and woman-labor. In the case of the railways, too, the Interstate Commerce Commission sometimes interferes in the case of wages.

A fourth fact to be noted is that the trade agreement covers union and non-union men alike. There is no choice to be made in conditions by the employer as between union and non-union labor. What is probably of greater importance, under the agreements all disputes are settled by a board of arbitration composed of representatives of both parties. The union thus is adequately represented in all alleged violations of the original contract, whether the offender be a member of the union or not. Such being the case, it becomes a practical impossibility for the employer unjustly to discriminate against the union man, which is always the loophole which the contract shop presents to the employer and which has caused the downfall of so many trade unions.

Finally, the railroad business is one into which new capital cannot readily get. In the building trades, an individual contractor may with a little borrowed capital bid for a job, pay lower wages than are demanded by the union scale, and the employer using union labor is compelled either to break his agreement or go out of business. In the railroad business such a thing would obviously be impossible, and the employers are safe from under-bidding competitors and the laborer from the lower standard non-union man.

In the case of the United Mine Workers, many, though not all of these same conditions are found to be present. To compensate for any that are absent, we find an admirable check-off system.¹ Not only are a majority of the men in the union, but the union dues are collected before the laborer even obtains his pay envelope. Again there is present a permanent rank and file comprising most of the men in the business, working under an advantageous contract. The employers not only refrain from fighting the union, but actually permit the general organization of the entire field without opposition. The union, nominally working under a contract-shop agreement, is to all intents and purposes an air-tight closed shop.

There are economists who urge that the failure of certain unions to maintain themselves is chiefly due, not to the kind of shop which chances to be present in the particular industry, but instead to the

¹ See *Quarterly Journal of Economics*, August, 1911.

formation of a large corporation or trust. It is said in the steel industry, for example, that the trust would have crushed the union regardless of the kind of shop which had previously been maintained. It is true that there is some evidence to support such a contention, and there may be reasons for believing that in certain instances this is the truthful explanation. However that may be, it is certain that if a closed-shop bargain cannot be maintained against a trust a contract shop would likewise fail. Indeed, the *one great source of advantage of a large corporation over the small producer is its ability to secure large quantities of cheap, foreign labor.* Moreover, while not one union working under a collective bargain which permits the employment of non-union labor has as yet successfully withstood the attacks of a large corporation, several closed-shop unions, or unions approximating them, have been victorious in such contests.

The Elevator Constructors, for instance, have successfully withstood the Otis Elevator Company for a good many years. Both the Railroad Brotherhoods and the United Miners, mentioned above, have maintained the integrity of their organizations in the face of conditions approximating those which confronted the Amalgamated Steel Workers prior to the Homestead Strike.¹ Today they are still respected by the employers, and those employers have control of the field. Not only has this been true in the past but it will doubtless be increasingly so in the future, as immigration tends to fall off, and as the newly arrived laborer learns the power lying in organization and becomes thoroughly Americanized. Nothing demonstrates this latter fact better than the recent strikes among *unorganized labor.*² It would seem then, that some more fundamental reason must be found than that of the mere existence of a trust if we are to explain the breakdown of the contract shop and

¹ In fact, the chief bone of contention between the mine operators and the union is now the fact that the latter has not been able to organize the fields of central Pennsylvania and West Virginia. The employers welcome unionism because it equalizes such competition as exists and prevents operators who pay a lower scale of wages from underselling them. The strike in West Virginia is in progress as this goes to press.

² Note in this connection the Chicago Garment Makers' strike in 1901, the strike at McKee's Rocks, the Bethlehem Steel strike, and the Ludlow (Mass.) Manufacturing Associates strike.

understand why men fight for the closed shop in the face of all opposition. That explanation lies in the inherent weakness of the one and the impenetrability of the other when it comes to the maintenance of satisfactory trade agreements under American conditions.

V

Like every other propaganda, the closed-shop movement has been criticized, not always on the best of grounds. The objections have been many and varied. They range from sound economic reasons to foolish sentimentalities. Most of them are not new, and the usual answers to them are not unknown. They may therefore be safely passed over without comment. Others call for more careful attention and analysis. Many of them are equally applicable to unionism as a whole; some are aimed particularly at the closed shop. Not a few of those directed avowedly at the closed shop as such, have been advanced by professed advocates of unionism in its other forms, who fail to see that their arguments, if true, invalidate their own case quite as much as they do that against which they are specifically directed. Of this nature, are the common pleas against violence, against restricting the "personal liberty" of the non-unionist and of the employer, and against a minority of labor attempting to dictate to a majority. The jurisdictional dispute argument, possibly the strongest one that can be raised against unionism, resolves itself into a question of wages and union organization, and at that is not by any means peculiar to closed-shop conditions—note the experience of England as well as that of many of the American contract-shop unions.

It may not, however, be out of place to call attention to an argument advanced within recent years against unionism as such, which has been given increasing weight among certain economic thinkers. It may be stated briefly thus: unionism is becoming a thing of the past as an active industrial force; numerically, it is decreasing;¹ industrially it cannot maintain itself against large combinations of capital; economically its work has been accomplished. A detailed examination of this phase of anti-union argu-

¹ See *Quarterly Journal of Economics*, XXIV, 564.

ment would of course be impossible in this connection.¹ Certain points may be noted, however, regarding it. It is far from settled that unionism, either numerically or financially, is declining. Recent reports from the American Federation of Labor tend to discredit this statement. The contention that its work has been accomplished can be sustained with even less success. Much favorable legislation has indeed been secured, but the question who shall amend or supplement existing codes as conditions change, or who would be sufficiently interested to insist upon its enforcement even when secured, has as yet no answer if we except unionism, or its parallel, a labor party. The effect of trust formation has already been touched upon, and will be noted again later in the discussion.

There are, however, arguments which hold with peculiar force against the kind of shop under discussion. Of these, two are worthy of particular notice. One of these (and the more serious) is the charge that the closed shop leads inevitably to the closed union. The other is the physical restriction of output argument.

Of these two, the latter is perhaps the less important for the present purpose, and the more easily disposed of. Little that is new is to be urged, save that the condition is not one peculiar either to the closed shop or to unionism as a whole. In all the investigations of the United States Bureau of Labor² there was found but one instance of a closed shop that restricted the output of the mills to a noticeable extent. That was the case of the window-glass industry. Here it was done admittedly, but in conjunction with the employers, to avoid an actual flooding of the market. The Bureau of Labor went on to point out that restriction is by no means limited to union shops; on the contrary, it is found in most non-union mills. The principle is shown to be widely prevalent among American wage-earners, and to be practiced by the vast majority of them. The report says:

The non-unionist does not change his nature when he becomes a unionist; he merely acquires more power to do what he wanted to do before. In fact, *some of the restrictions investigated have been found as strongly enforced in non-union establishments as in union establishments (machinery, iron molding,*

¹ It may be noted that the Industrial Workers of the World, as well as many socialists, also assume this position.

² See *Report of Bureau of Labor on Restriction of Output* (1904).

pottery). In the vast majority of instances, the restriction, upon examination, has been found to be justifiable as a prevention of excessive speeding and pace-setting. Moreover, the cases are very few where the employer has in the long run suffered any serious loss as a result of this restriction. In the building trades (where the closed shop is the rule) the employers who produce the better grades of goods have joined with the unions in approving of restriction in order to protect themselves from the competition of inferior grades of work. It has been found that a much higher grade of goods or work is produced in those trades where restrictive measures are practiced.

In the same Special Report of the Commissioner of Labor is given a table comparing the production of mills of a similar size in the boot and shoe industry. According to the figures given, the average weekly output in the union mills per man is 26.6, while in the non-union mills the output on the same basis is but 24.0. In time, this represents a weekly gain per mill of over 21 hours, or of $9\frac{1}{2}$ per cent in favor of the union shop. The contractors in the construction of elevators in New York City say, "We have no complaint to make about our men; they do good work." "I am satisfied that they have no rules restricting output," said another. The Commission says: "None of the bricklayers in New York complained of any restriction of output by their employees. All of them considered that under present conditions the bricklayers were doing enough work." Mr. W. M. Murphy, vice-president of the Painters District Council testified as follows before the Industrial Commission¹ regarding the complaint of the master painters that restrictive measures were practiced: "The only man that ever limited a day's work during my work in the city [Chicago] was the master painter, and the limit they put on it is a man's endurance. As a general rule they pick some husky young fellow and he starts off regardless of how he does the work; the amount of work he does, they base the day's work on that—they expect every man to follow that. It has got to be so bad in my trade that when the gray hairs begin to show in a man's head—say a man gets to be forty-four or forty-five years old—it is impossible almost, except in a most busy season, for a man to get a job. His abilities as a mechanic don't count; it is speed they want. They are the men that limit a day's work."²

¹ Vol. III, p. 454.

² Cf. editorial in *New York Times*, February 17, 1912.

By far the more important charge, once the practical necessity of the closed shop be granted, is that it leads to the closed union. It is claimed that such is the natural outcome of a closed shop policy—that it is so in theory and has been the case in practice. Let us see how far this is true.

A closed shop may become a closed union in one of a number of ways: it may actually exclude new apprentices, or it may raise the initiation dues so high as to exclude them for all practical purposes. The limitation of apprentices may also be practiced and may lead to the same result. More will be said of this later.

Of the actual exclusion of new apprentices the least may be said. It can scarcely be denied that such has in rare instances been the case. However, it has been so infrequent that so far as practical results are concerned it may as well never have existed. It is not to be supposed, were there an actual *need of labor* in an industry attempting such an exclusion, that artificial regulation would long prove effective. The manufacturer would scarcely consent to a serious curtailing of his contracts nor the public to the payment of excessive price, one of which conditions must result were the union to refuse persistently to yield to the demand of non-union laborers for admission to the shops under one form or another. The Commissioner of Labor, in the special *Report on the Restriction of Output* referred to above, said that he found but one local instance of actual exclusion—the stone cutters in New York—and the restriction was later removed owing to outside pressure toward that end. Even here some apprentices were admitted. After all, apart from economic considerations, the practice is so thoroughly un-American that it is seldom permitted. Surely there should be no alarm for fear the custom might become general or serious in its nature.

The limitation of apprentices is a far more common practice; in fact, there is an effort to secure such limitations among the majority of trade unions. The findings of the Commissioner of Labor well represent the conditions existing with respect to this practice. The Commissioner treats the limitation of apprentices not as a means of creating a closed union, but as a phase of restriction of output. In the *Eleventh Special Report* the following words are found:

Practically all of the unions investigated in this report have regulations limiting the number of apprentices or learners, and even in a few cases exclude them altogether (pant makers). Where the number is limited to a certain ratio, the union establishes a period of apprenticeship. In several cases (glass, potteries, moulders, building trades) the proportion of apprentices is determined in joint conference with an association of employers. In all cases the argument advanced for limiting the number of apprentices was the desire to give an all-round training in the trade; to prevent the employer from substituting cheap labor under the guise of apprenticeship, and to adjust the supply of labor to the demand. A very few local unions besides limiting the number of apprentices, go farther and establish high initiation dues and onerous examinations, occasionally making the fee for foreign immigrants higher than for citizens. . . . A "Closed" association or "Closed" union is one which does not admit new members. Only one local union has been found which adopted this policy (New York stone cutters). But the protest from other parts of the country led to its repeal. Even this local admitted a limited number of apprentices. . . . Consequently these [capitalistic] associations sometimes go farther [in restriction of output] and adopt methods to limit the number of members, . . . or make an agreement with the trade unions to deprive them of workmen (building trades, window glass).¹

The mere fact that a union limits the number of apprentices in its field is of itself no proof that that act is one to be condemned. The conditions with which the union has to contend and the circumstances connected with the production of the commodity are factors in the light of which the action of a union in this respect is to be judged. When, for instance, it is learned that in the window glass industry no one can become an apprentice whose "father is not a full-fledged citizen," and that no member not already a citizen can accept a blower as an apprentice, and that only sons or brothers of blowers are permitted to become apprentices, the cry goes up, "There is a union as closed as ever was a craft guild of the fourteenth century." But an examination into the conditions of the industry show that in a large part this limitation is justified and is accomplished by joint action with the employers. The demand for window glass is relatively inelastic; with the present supply of 4,000 pots, the 2,500 blowers—all union men—can supply the entire demand in from four to six months,

¹ See also Adams and Sumner, *Labor Problems*, pp. 248-49; *Apprenticeships in American Trade Unions*, Series XXVI, Nos. 11-12, of "Johns Hopkins University Studies."

working only union time and producing a million boxes a month. "Altogether the consequence is that while the factories are working, the output is beyond the current demand for building, the stock is piling up in the hands of the employer unless he can get a jobber to take a part of it off his hands. In either case the carrying cost is heavy, the weaker manufacturers, if compelled to sell, do so at a heavy sacrifice. . . . Price cutting at such times becomes utterly reckless." Obviously, in such a case the addition of more men would be little less than a calamity.

Nor is there considerable ground for complaint on the charge of excessive initiation fees. This is not to say that there are not unions which charge initiation fees which are too high to be wholly reasonable; the cases where these charges are prohibitory, however, are few and far between. Probably there is no union more maligned with this particular charge than the Elevator Constructors. The opponents of this particular union state the bald fact that the initiation fee into the union is \$175—an outrageous sum. So indeed it would seem were this all there was to be said. But this fee is, in fact, divided into three charges—each part paid separately as the apprentice works his way up to the rank of a fully qualified workman. For a mere apprentice the fee is \$20, which is not excessive when one considers that this sum entitles him to learn the trade—and he gets \$1.50 a day while he does it. For the next state, that of a helper, the fee is somewhat more, \$100. But the helper earns \$2.75 a day all of the time. Upon reaching the highest rank, that of a mechanic, the fee is \$50, and the earnings are from \$4.25 to \$5 and over a day. Is this fee excessive when one considers that in return for it the apprentice learns a trade that yields him a comparatively high remuneration, at the same time that it gives him membership in a union more thoroughly unionized than almost any other?

How is it with other closed unions?² With the Brewery Workers the maximum local initiation fee is \$10.00 and there is no national initiation fee of any kind. The Railroad Brotherhoods charge a local fee of from \$1.00 to \$5.00 minimum. The Typo-

² Report of the U.S. Industrial Commission, 1901. Attention should also be called to F. E. Wolfe, *Admission to American Trade Unions*, Series XXX, No. 3, of the "Johns Hopkins University Studies" (in press).

graphical union charges no local initiation fee and a national fee of but \$2.00. The Stone Cutters charge \$2.50 for apprentices, \$10.00 for general local fee (which is raised to \$25.00 in the case of foreigners without cards), and a national fee of a half the local charge. The Cigar Makers charge \$6.00 initiation fee, payable in three instalments. Out of a list of ninety-three unions—including both contract and closed trades—given by the United States Industrial Commission, the fees ranged from nothing in a number of cases up to a maximum of \$50, charged foreigners in the Flint Glass Workers union. The last sum, however, was unusual, for the next highest was \$25, found in several instances. These figures, of course, must be taken in connection with subsequent dues, strike assessments, and so forth; which, while they must be paid by union men, in no wise tend toward closing the union.

So much, then, for the notion of closed shop, closed union. The charge has not been substantiated in the past, nor is it likely to be in the future. The criticism in any form is based upon the assumption that there are in some trades not men enough satisfactorily to carry on the work—that wages are too high or conditions too good in some industries. No such trade has as yet been found. If it were in existence, it is safe to say that the pressure from outside of the union itself (as in the case of the stone cutters) would cause the removal of the onerous restrictions; if this did not serve, the employer could sooner or later safely yield to the offers of non-union men to work at reduced wages or longer hours. In any case, the situation is not materially different from that of an industrial corporation that seeks to rid itself of all competition. The only difference is in favor of the unions, for whereas the organizations of employers have no desire to regard their individual competitors save the desire to crush them, all the labor unions ask is that the non-union man recognize the community of interest between himself and the union. As President Gompers says, "We do not deny the non-union man the right to work: but we do seek wherever it is expedient and possible, exclusive contracts to furnish the employer with labor. We believe that in this way the best interest of the workman is served. The doors of unionism stand open to all workmen in good standing. We hold it is morally wrong under modern conditions for a man to remain outside the union in

his trade. If he does so it is his legal right, but the union should have the right to treat him as a competitor."

VI

Such has been the economic basis for the closed-shop movement. So far as its immediate effect upon the employer, the general public, and the non-union employee is concerned, there is little difference between the contract shop and the closed shop. The union, if strong enough to command a contract shop, is strong enough to compel respect from the employer and to influence the public and the unorganized workmen exactly as under closed-shop conditions. The employer must grant, and the non-union man must work under, the conditions laid down in the trade agreement. The hours will be as short and the pay as high. In either case the non-union laborer has as little "personal liberty" under the one as under the other. The public is as liable to suffer from "conspiracies to raise prices" under the one as under the other. Strikes, on the evidence of statistics, are less liable to occur with the closed than with the contract shop.

One curious feature of the problem is the large number of employers who, after having been compelled to unionize their shops, have discovered that the labor question is a much less trouble than when they insisted upon the open shop. . . . Where the union is confident that the employer will not (or cannot) take advantage of them, as is the case in the union shop, they join with him in disciplining the inefficient and unruly workman; but where they are continually fighting him, as in an open shop, they protect all their members whether efficient or not. If they know that the dismissal of one union man means only the employing of another union man, they do not inquire into the reasons for the dismissal as they do when it means the possible employment of a non-unionist.¹

Yet, in spite of these facts, with or without reason, the public has generally condemned the closed-shop movement. It is equally true that though the cause may be obscured, organized labor has almost universally demanded the closed shop. The query, therefore, naturally arises: What will be the probable future result of the movement? Unfortunately, an unqualified answer cannot be given. On the other hand, certain well-marked (and perhaps inevitable) tendencies may briefly be noted.

¹ *Independent*, LV, 1218.

The movement among the laboring classes, as a class movement, will undoubtedly tend to become more and more clearly marked, and its direct influence will increase. This will result from a number of things. With the passing of the frontier to which restless labor leaders can migrate, as well as of much of the political corruption of the past into which these same leaders might be drawn and thus separated from the labor movement, men who cast their lot with organized labor will be more or less compelled to remain in the fight to the end. On the other hand, the centralization of capital and the organization of large-scale production will cause labor to feel more completely dependent, even as it increases the employer's power in the contest with unionism. The inevitable falling off of immigration as time goes on will remove one of the greatest retarding influences which have prevented the formation of a strong class consciousness. Finally, the activities among the laboring classes abroad cannot help but react upon their American brethren.

So much is certain. How the whole thing will work out in detail is conjectural. Two opposite tendencies, more or less distinct, can be noted at the present time. One of these is toward the formation of a stronger and more influential unionism, particularly in those trades where monopoly is either impossible or, because of particular conditions, very limited in extent, and where (as in the building trades) services rather than commodities are supplied by the union. On the other hand, there is a tendency in some lines of industry for the labor organization to diminish as an industrial force. To take its place it is very possible that some kind of a labor party, socialistic or otherwise, will appear, just as parallel forces have caused its rise in Germany and New Zealand. The remarkable raise of the I.W.W. in recent years suggests yet another possibility. It is not at all impossible that these tendencies may ultimately supplement each other as they have done in England and as they are apparently doing in this country among the bituminous coal miners.¹ Exactly what will be the outcome is a question of industrial evolution which time alone can definitely solve.

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¹ Note in this connection the practical capture of the United Mine Workers convention by the Socialists in January, 1912.